

Message Text

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ACTION AF-08

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BEGIN UNCLASSIFIED

SUMMARY: UNIVERSITY ECONOMISTS HERE BELIEVE BLACK UNEMPLOYMENT IS NOW AROUND THE ONE MILLION MARK AND LIKELY TO INCREASE SOMEWHAT BY MID-77. CONSTRUCTION INDUSTRY SPOKESMEN IN CAPE TOWN HAVE EXPRESSED PARTICULAR CONCERN AT EMPLOYMENT PROSPECTS. END SUMMARY

1. PROFESSOR WOLFGANG THOMAS, AN ECONOMIST AT THE UNIVERSITY OF THE WESTERN CAPE HAS ESTIMATED THAT UNEMPLOYMENT IN SOUTH AFRICA HAS NOW REACHED 900,000 - INCLUDING 800,000 BLACKS AND 100,000 WHITES, COLOREDS AND ASIANS - AND IS LIKELY TO REACH ONE MILLION BY MID-YEAR. THIS CONTRASTS WITH ESTIMATE BY UNIVERSITY OF PRETORIA ECONOMIST OF 500-600,000 UNEMPLOYED AS OF END OF JUNE LAST YEAR (REFTEL). THOMAS TOLD A "CAPE TIMES" REPORTER THAT HIS ESTIMATES WERE BASED ON A TOTAL WORKING POPULATION OF 9.4 MILLION AND INCLUDED THE "HOMELANDS" AND RURAL AS WELL AS URBAN AREAS. HE SAID THERE WAS "VERY LITTLE" PROSPECT FOR REDUCING THE NUMBER SIGNIFICANTLY EVEN IF THERE

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SHOULD BE AN ECONOMIC UPTURN IN SECOND HALF OF THIS YEAR SINCE INTERNATIONAL EXPERIENCE HAD SHOWN THAT REDUCTION OF UNEMPLOYMENT "GENERALLY LAGS BEHIND THE UPSWING."

2. IN CAPE TOWN, THE 35,000 WORKERS IN THE CONSTRUCTION INDUSTRY ENDED A TRADITIONAL MONTH-LONG HOLIDAY AND

RETURNED TO WORK AMONG EXPRESSIONS OF CONCERN ON PART OF LABOR AND INDUSTRY SPOKESMEN. PRESIDENT OF BUILDERS ASSOCIATION WITH 85 MEMBER COMPANIES SAID 1977 LIKELY TO BE WORSE THAN 1976, CITING INABILITY OF SOME FIRMS TO CONTINUE TO CARRY PREVAILING LOW PROFIT MARGINS AND FACT THAT NUMBER OF MAJOR PROJECTS, INCLUDING FORESHORE FREEWAY AND NEW CIVIC HALL ARE NEARING COMPLETION. PRESIDENT WOODWORKERS UNION, WHICH HAS 4,000 MEMBERS, SAID MANY ARTISANS HAVE NOT BEEN RE-EMPLOYED AND "HUNDREDS" ARE LOOKING FOR JOBS.

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3. COMMENT: PROFESSOR THOMAS TOLD CONGEN OFF HIS ESTIMATES HAD BEEN MADE "OFF THE CUFF" BUT HE CONSIDERED THEM ROUGHLY ACCURATE. DUDLEY HORNER, AN ECONOMIST AT UNIVERSITY OF CAPE TOWN'S SOUTHERN AFRICA LABOR AND DEVELOPMENT RESEARCH UNIT (SALDRU) TOLD CONGEN OFF HE THOUGHT THAT NON-WHITE UNEMPLOYMENT FIGURE OF ONE TO 1.25 MILLION WAS PROBABLY FAIRLY ACCURATE. HE NOTED THAT EARLIER ESTIMATE OF 2 MILLION BY SALDRU SCHOLAR CHARLES SIMKINS, WHO WAS SUBSEQUENTLY BANNED, WAS CONSIDERED TOO HIGH. HE SAID, HOWEVER, THAT AN ECONOMIST CONNECTED WITH PRIME MINISTER'S ECONOMIC ADVISORY COUNCIL HAD RECENTLY TOLD HIM IN PRIVATE THAT USING SAME ASSUMPTIONS AS IN SIMKINS' STUDY, CURRENT FIGURE WOULD BE BETWEEN 1 AND 1.25 MILLION, DEPENDING ON HOW ONE DIFFERENTIATED IN CERTAIN CASES BETWEEN UN- AND UNDEREMPLOYMENT.

WHITE

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